

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

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R 260800Z AUG 75

FM AMMBASSY PRAGUE

TO SECSTATE WASHDC 8704

INFO AMEMBASSY BELGRADE

AMEMBASSY WARSAW

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SOFIA

USNATO BRUSSELS 754

C O N F I D E N T I A L PRAGUE 2161

E.O. 11652: XGDS-1

TTAGS: ENRG, ETRD, CZ, XH

SUBJECT: CZECHOSLOVAK WORK ON GAS PIPELINES

REFS: A. MOSCOW 11309

B. PRAGUE 1912

C. MOSCOW A-350, 9/8/74

1. BEGIN SUMMARY. EMBASSY HAS RECEIVED NEW INFORMATION  
THAT SUGGESTS CZECHOSLOVAKIA SCALED DOWN ITS PARTICIPATION IN  
ORENBURG GAS PIPELINE PROJECT BECAUSE OF DEMANDS PLACED UPON  
IT BY SOVIETS TO EXPAND INTERNAL PIPELINE SYSTEM IN CZECHOSLOVAKIA  
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IN ORDER TO HANDLE INCREASED FLOW OF NATURAL GAS FROM USSR TO

MARKETS IN WESTERN EUROPE. END SUMMARY.

2. EMBASSY HAS RECEIVED NEW INFORMATION THAT CASTS A DIFFERENT LIGHT ON WHY CZECHS GREATLY REDUCED SCALE OF THEIR PARTICIPATION IN ORENBURG GAS PIPELINE PROJECT. AN EMBOFF CALLED RECENTLY ON WELL-INFORMED CZECH FOREIGN TRADE OFFICIAL WHO SAID WESTERN COUNTRIES HAVE CONTINUED TO INCREASE QUANTITIES OF SOVIET NATURAL GAS THEY WANT TO BUY. THIS HAS FORCED CZECHS TO RETURN TO DRAWING BOARDS SEVERAL TIMES TO REDESIGN THEIR TRANSIT PIPELINE EXPANSION PLANS. SOURCE OBSERVED THAT JOURNALISTS AND OTHERS HAVE NOT BEEN ABLE TO KEEP ON TOP OF NUMEROUS CHANGES IN PLANS, WHICH EXPLAINED INADEQUATE AND OFTEN CONTRADICTORY DATA APPEARING IN PRESS ON SUBJECT OF PIPELINE CONSTRUCTION.

3. THE TRANSIT GAS PIPELINE NOW IN OPERATION IN CZECHOSLOVAK TERRITORY BEGAN TRANSPORTING GAS BETWEEN USSR AND WESTERN EUROPE IN 1973. THIS PIPELINE TRANSPORTED ABOUT FIVE BILLION CUBIC METERS OF GAS PER YEAR IN 1973 AND 1974, ACCORDING TO OUR SOURCE, AND WILL TRANSPORT ABOUT 13 BILLION CUBIC METERS THIS YEAR, INCREASING TO 17 BILLION CUBIC METERS IN 1976. NO SOONER HAD THIS SYSTEM BEEN PUT INTO FULL OPERATION IT SEEMS THAN CZECHS WERE CALLED UPON BY SOVIETS TO BEGIN MAJOR EXPANSION OF IT IN ORDER TO MEET RISING DEMAND IN WESTERN EUROPE. NEW SYSTEM WILL BE A 1,200 MM PIPELINE TRANSPORTING GAS UNDER 55 ATMOSPHERES OF PRESSURE. THEORETICAL PIPELINE CAPACITY REPORTEDLY DEPENDS ON THESE TWO FACTORS, PLUS PROXIMITY OF COMPRESSOR STATIONS. SOURCE BELIEVES THAT CAPACITY OF NEW SYSTEM SHOULD BE AT LEAST 30 BILLION CUBIC METERS OF GAS PER YEAR, AND COULD BE GREATER.

4. TIMETABLE FOR CONSTRUCTION OF SECOND MAJOR PIPELINE AS YET UNAVAILABLE, BUT SOURCE SAID EMBASSY COULD EXPECT TO RECEIVE BY END OF 1975 DETAILED LIST OF EQUIPMENT THAT CZECHS WILL NEED TO IMPORT FROM WEST. PROMINENT AMONG THESE ARE MEASURING AND CONTROL SYSTEMS FOR COMPRESSOR STATIONS. HE SAID TURBINES AND OTHER HEAVY EQUIPMENT FOR COMPRESSOR STATIONS WOULD BE MANUFACTURED BY CKD PRAHA WHICH, INCIDENTALLY, IS SUPPLYING SAME ITEMS FOR CZECHOSLOVAK PORTION OF ORENBURG PIPELINE. (COMMENT: IF TRUE, HARD CURRENCY BURDEN ON CZECHOSLOVAKIA OF ORENBURG PROJECT MAY BE CONSIDERABLY LESS THAN EARLIER SUPPOSED AND CERTAINLY LESS THAN FOR SOME OF HER CEMA NEIGHBORS.)  
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5. SOURCE SAID ROUTE NEW PIPELINE WILL TAKE HAS NOT YET BEEN DECIDED. IF IT WERE TO PARALLEL PIPELINE ALREADY IN OPERATION, CONSTRUCTION COSTS AND TIME WOULD BE SAVED; ON OTHER HAND, SHORTEST AND MOST DIRECT ROUTE FROM EASTERN SLOVAKIA TO CSSR-FRG BORDER (ROZVADOV-WAIDHOUS) WOULD PASS WELL TO SOUTH OF PRAGUE, AND REPRESENT CONSIDERABLE SAVINGS ON PIPE. MAIN BRANCH OF NEW PIPELINE SYSTEM WILL GO TO WEST GERMANY, ANOTHER BRANCH WILL RUN

FROM WESTERN SLOVAKIA ACROSS AUSTRIA TO NORTHERN ITALY. FROM THERE, GAS WILL FLOW TO CONSUMERS IN ITALY AND FRANCE THROUGH EXISTING PIPELINES. A SPUR WILL ALSO RUN NORTH TO OSTRAVA, CZECH COAL AND STEEL CENTER, NEAR POLISH BORDER. WE ARE ATTEMPTING TO LEARN FROM WEST GERMAN, FRENCH AND ITALIAN EMBASSIES THE QUANTITIES OF SOVIET GAS THEIR COUNTRIES WILL RECEIVE FROM NEW PIPELINE SYSTEM, BUT THEY DO NOT YET APPEAR TO HAVE ACCESS TO THESE FIGURES (BONN, PARIS, AND ROME MAY WISH TO INQUIRE OF HOST GOVERNMENTS, AS APPROPRIATE).

6. EMBOFF ASKED WHAT WAS TO BECOME OF LARGE ORDER THAT CZECHS HAD GIVEN KAMATSU (JAPAN) FOR 80 BULLDOZERS AND PIPE-LAYERS FOR THEIR PORTION OF ORENBURG PIPELINE. SOURCE SAID SOVIETS WOULD TAKE DELIVERY ON THEM, BUT DID NOT SAY, NOR DID EMBOFF KNOW, WHO

WOULD BE FOOTING THE BILL.

7. COMMENT: WE CAN ONLY CONTINUE TO SPECULATE AT THIS POINT, BUT TO US IT NOW LOOKS AS THOUGH SOVIETS MAY HAVE DECIDED TO ALLOW CZECHOSLOVAKIA TO REDUCE ITS PARTICIPATION IN ORENBURG IN ORDER THAT TRANSIT GAS PIPELINE SYSTEM ACROSS CZECHOSLOVAKIA, THROUGH WHICH MOST IF NOT ALL SOVIET GAS IS TRANSPORTED TO MARKETS IN WESTERN EUROPE, COULD BE EXPANDED QUICKLY AND NOT BECOME CORK IN ORENBURG BOTTLE. WE WOULD APPRECIATE ADDRESSEES' COMMENTS AS TO LIKELIHOOD OF THIS EXPLANATION.  
PERRY

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